

ALG Minutes—November 8, 2012

Present: Bart Wendell, facilitator; Janet Adachi, BoS; Kin Mc Osker, SC; Mary Ann Ashton, Doug Tindal, FC; Steve Ledoux, Steve Barrett & Don Aicardi, staff. Absent: Pam-Harting-Barrat, BoS; Xuan Kong, SC: Steve Mills, staff.

Audience: Dick Calandrella, Bob Ingram, Allen Nitschelm, Charlie Kadlec, AVG

Minutes were accepted

## 2. Update FY 13

Steve L: Not much has changed. The MMA headline suggests that state revenues are up a “tad.”

Mary Ann: Globe last week reported that FY 12 was up by “several \$100k” and that would be added to the rainy day fund.

## 3. Revenue projections

Steve B: the revenue assumptions for FY 14 have us taxing to the max allowed under Prop. 2.5---there will be no money for tax relief. We have “flat-lined” local receipts including excise tax---taking a very conservative stand.

Don: we see no change in state aid from last year in Ch. 70. My estimates based on the foundation budget—his estimate was at 7%. Because of the time lag in the formula we are starting to see a “gap” in FY 14 so the 7% is a conservative number. We will not know the inflation until later or the numbers until House I in Jan.

Steve L: indicators are hard to find right now---so we are being conservative and level funding local aid.

Bart: do we have a quantative consensus?

Steve L: level funding

Mary Ann: I share Steve’s concerns. In reality we will not know the level aid number until May or June. We will get our first indication in Jan. It is always easier recoup. I’m comfortable with 2-2.5% but not 7%.

Don: I disagree---I have spent a lot of time going over the numbers....

Steve L: if state revenues do not trickle down into local aid....

Don: but Ch 70 is different from the rest of local aid---we are being too conservative---I have doubled and tripled checked the numbers.

Steve L: I would like a good surprise in Jan rather than find we went too far.

Doug: there is a shortfall in the state revenues of \$135M I don’t know the year to date but 45% is not small---but militates for caution.

Kim: I thought Mary Ann said there was a surplus

Bart: do we level fund at 2.5 or go for the 7%?

Janet: I would go with the more conservative position—I don't want to have a surprise. I'm inclined to do the level funding

Bart: it's now at 7% How do we resolve this going forward?—what are your suggestions?

Mary Ann: we should revisit the numbers once House I comes out. I'd prefer to find out in Jan that there is play in the numbers rather than be over optimistic.

Bart: Kim?

Kim: my understanding is that we are just putting the budgets together. I don't think from the schools point of view that we are uncomfortable with Don's numbers. We will have the full budgets in December.

Steve L: Our next meeting is on the 29<sup>th</sup>. I'd be interested to see how level funding affects the spreadsheet. Steve said he had to send the town budget to the selectmen on Dec 19<sup>th</sup>

Bart: will we have any changes in three weeks?

Steve L: by the 1<sup>st</sup> week in Dec. ill have to know what to recommend to the selectmen—we can wait until the 29<sup>th</sup> and predict our budget on a more conservative position.

Bart: is the decision to delay until the 29<sup>th</sup>—or further push back on actual problems?

Is anyone against the 29<sup>th</sup>? The town will operate at the lower figure.

Mary Ann: we seem to have agreement on all the other revenueurs

\*\*\*\*\*Bart: so there is agreement on everything on the revenue side except Ch 70? The spreadsheet will show Ch 70 at 7% and level—with the expectation that we will have a definite discussion on the 29<sup>th</sup>?

#### 4. Split

Steve B: Town--FY 12---35.2%; FY 35.8%; FY 14 (in progress) 37.7%. Schools: FY12---64.8%; FY 13 64.2%; FY 14 (in progress) 64.3%

Don: we [the spreadsheet] was just following the what the numbers came out

Steve B: leave them the same as last year....

Bart: do we need other info? [No] What's being recommended for this year is to keep it essentially flat?

\*\*\*\*\*Do we have an agreement to leave it? [Nods yes]So unless there is new significant information, there is no change in the revenues and no emergency we will leave the split as is.

## 5. Override

Bart: is anyone thinking of an override---no (DOA) no support from ALG

## 6. Fin Com's LRP

Mary Ann stated that the FC felt it was their responsibility to develop a long range plan that was substantive and not wait until Feb. to agree on assumptions going forward. A five-year plan would be different---ALG estimates revenues; the FC model would estimate expenses.

Don: SC has looked at the historic expenses moving forward. My concern is that we will end up with three different plans. I do agree that we need to settle this before March. I'm not sure we can expect agreement but at least we should discuss it.

Janet: the LRP for the BoS is 20/20. But it bothers me that there are no numbers. It would help if the town government were to attach numbers so we are not left with "pie in the sky" Before any LRP is finalized we need to get numbers on a priority list from 20/20.

Steve L: to date we only have numbers for the capital budget and \$75k for Kelley's corner by the planning department.

Mary Ann: I think the FC would be willing to embrace your [SC] assumptions for what you have done but we need similar plans from the town. The boards could endorse the actions from a LRP board

Bart: between now & the 29<sup>th</sup> each board will begin the discussion... how is this to roll out?

Mary Ann: I think we can have the discussion by the Dec. meeting [giving a chance for all the boards to meet] ---we have to have this conversation before Feb.

Bart: what's the final decision the FC wants?

Mary Ann: by the Dec meeting we will agree how we will work...hopefully we have an agreement on assumptions by Jan.

Doug: there are other moving parts---OPEB; functions that are losing money; transportation is that an investment the town should make or not?

Bart: we may not be able to make a decision by Jan. Are there objections to the FC's proposals?

Steve L: one conversation we need to have is what the proposal will mean to the ALG---decisions one year do not bind the next. That needs to be part of the discussion---agreed

Bart: is there an agreement on the schedule? (Discussion by the 1<sup>st</sup> meeting in Dec)\*\*\*\*\*agreed

## 7. Regionalization

Kim all the school committees have endorsed the plan---the committee is working on position statements. All is going according to schedule. There has been agreement to have the both Boxboro & Acton's Town Meetings on April 29<sup>th</sup>

#### 8. OPEB

Steve B: We have had conference calls with Segal. They gave us lots of numbers which we still have to download---Segal has also been hired by the state---there was an ethics question but that's been solved. We are going through a sensitivity analysis---it will be free [because Segal is also working for the state]

There are big changes but right now we are still using the straight \$800k/year. We may bond part

Mary Ann: is this an imperfect amount?

Steve B: there are many changes---medical cost inflation---every 3-4 years we could borrow \$5 M. The state will definitely be involved (telling towns what to do) we are reviewing listings and head counts of staff at the school---52 staff are under 40 hours; 18 have benefits. We will get a recommendation of the amount for next year from Segal.

Mary Ann: do you have something [a number] for the ALG

Don: there will be a whole series of recommendations when we hire---we will have to calculate the PPEB costs and then look at the long term inflation. We spent a "mind-numbing" hour with Segal---it is a complicated process. We have two trusts established and we know far more than we did last year. We want to have an annual number that will make everyone happy.

Mary Ann: do you have any idea when the state will be done [with their analysis]

Steve B: they said a month---mid-Dec. the state is going to promulgate laws with teeth telling us what to do.

Doug: what's the bond rate now?

Steve B: the markets are favorable right now---we can get 3.5-3.39%

Don: but we cannot bond beyond 20 years

#### 9. Public Comment---none

#### 10. Next meeting

November 29<sup>th</sup>---7:30 AM; Dec 13<sup>th</sup> -5 PM; Jan 10<sup>th</sup> 5 PM

Revenue assumptions will be an item on the next agenda.

Adjourned: 8:30

Ann Chang

